



chair John Chiang
member Betty T. Yee
member Michael C. Genest

State of California
Franchise Tax Board

03.04.09

John Woodford
California Society of Certified Public Accountants
140 Litton Drive Ste 210
Grass Valley, CA 95945

Dear John Woodford,

Thank you for your presentation at the Taxpayers' Bill of Rights Hearing held on 12.04.2008. I am responding to the issue you raised at the hearing.

You commented on SB 28 and changes to Revenue and Taxation Code Section 19136-3 in regards to the exception.

SBX1 28 (Stats 2008, Ch. 1) added R&TC section 19136.3 to eliminate the option for individual taxpayers to make estimate payments equal to 100% of the tax shown on the return of the taxpayer for the prior taxable year if the AGI of taxpayer shown on the return for the current taxable year equals or exceeds \$1 million, or \$500,000 for taxpayers with a married filing separate filing status. This legislation **was part of the budget package** and only applies to taxable years beginning on or after January 1, 2009. Please note that the elimination of the prior year's exception does not apply to a taxpayer with an AGI of less than \$1 million. Thus, an AGI test is already being used to determine whether the prior year exception applies or not even though it is the AGI of the current year and not the prior year. During the 2008 tax year filing season, we hope to enable tax preparers to inform their clients of the new requirements for the 2009 tax year.

Sincerely,

Steve Sims, EA
Taxpayers' Rights Advocate

cc: Hon. John Chiang, Chair
Hon. Betty T. Yee, Member
Hon. Michael C. Genest, Member